

AGENCY ESTIMATE  
OF THE FISCAL IMPACT OF IMPLEMENTING  
**HB 65 2011 General Session**  
**Public School Funding**

**Sponsor:** Representative Wayne A. Harper

**Lead Analyst:** Ben Leishman

**Agency Contact:** Cathy Dudley

**Title:** MSP Budget and Property Tax Specialist

**Agency:** Utah State Office of Education

**Office:** 801-538-7667 **Cell:** 801-707-0848

**A. Short Form** (For bills that have no impact on the state, local governments, businesses, or individuals.)

If you can check all five boxes to the right, you're almost done. If the bill obviously doesn't have an impact, you're done.

- |                          |   |
|--------------------------|---|
| <input type="checkbox"/> | State agencies will not require an appropriation to implement the bill. |
| <input type="checkbox"/> | There is no fiscal impact on local governments.                         |
| <input type="checkbox"/> | There is no fiscal impact on businesses.                                |
| <input type="checkbox"/> | There is no fiscal impact on individuals.                               |
| <input type="checkbox"/> | The bill will not affect revenues.                                      |

If it isn't so obvious, explain what's going on. The most usual explanation is the codification of existing practices.

If necessary, explain why this bill has no fiscal impact.

Attachments welcome.

**B. What parts of the bill cause fiscal impact?**

Cite specific sections or line numbers.

Lines 1313-1337, 1568-1577, and 2329-2336.

**C. Which program gets the appropriation?**

Enter 3 letter Appropriation Unit Code.

**For multiple appropriations**

This is  of

**D. Work Notes: Assumptions, calculations & what are we buying?**

Explain the fiscal impact in plain English, detailing your assumptions, methods, & calculations.

List all direct costs. Identify one-time and ongoing costs. Detail FTE impacts.

Do not say, "\$50,000 in Current Expense." Be very specific about what this \$50,000 will buy.

Attachments encouraged.

The attached narrative explains the highlights of this bill. The attached spreadsheet (created by the Legislative Research and General Counsel) shows the affects of this bill for each school district based on FY11's assessed valuations, current basic rate of 0.001495, and FY11's number of WPUs. Column 2 shows the projected revenue from the current basic rate, column 3 shows the projected revenue from the statutory rate from this bill of 0.003000, and then column 4 shows what the additional revenue would be generated freezing that basic rate of 0.003000. Column 5 shows the total number of WPUs for FY11 and then column 6 shows what the additional WPU distribution would be. Column 7 is the reduction in tax revenue pursuant to the certified tax rate -- the greater of column 4 (additional revenues due to the increase in the minimum basic tax rate) or column 6 (additional revenues distributed to the school district for the basic program as a result of the increase in teh value of the WPU) as specified in this bill. Column 8 represents the additional revenue collected from the 0.003000 basic rate and the reduction in tax revenue (column 7). Column 9 represents what the reduction in the tax rate would be that yields net tax collections. Column 10 represents the mitigation payemnts that the legislature would have to fund for FY 2012 with \$18,742,470 going to charter

legislature would have to fund for FY 2013 with \$18,742,479 going to charter schools for a total of \$38,935,846. Columns 11 and 12 reflect the impact on a \$250,00 primary residence and a nonprimary residence or business.

## E. REVENUES

Select Fund

Current

FY 2011

FY 2012

FY 2013





Total

0

0

0

## F. COSTS by FUND

Select Fund

Current Budget Year  
FY 2011

Coming Budget Year  
FY 2012

Future Budget Year  
FY 2013





Total

0

0

0

## G. COSTS by EXPENDITURE CATEGORY.

Expenses by Category

Current Budget Year  
FY 2011

Coming Budget Year  
FY 2012

Future Budget Year  
FY 2013

Personal Services  
Travel  
Current Expense  
DP Current Expense  
DP Capital Outlay  
Capital Outlay  
Other/Pass Thru




Total

0

0

0

## H. Non-State Impacts

Your estimate of how will the bill affect:

Local Governments

There would be an increase in property tax revenues from the basic tax rate, but the spreadsheet shows that there would be a decrease in the other property tax rates. However, there would need to be a state appropriation of approximately \$57 million for FY2012-13 to cover the mitigation payments. The \$18 million for the charter schools would come from the increase in the basic tax rate.

Businesses

The spreadsheet indicates that there would be a decrease in property taxes on a \$250,000 business.

Individuals

Individuals could see a property tax increase if school districts were to recapture their property tax revenues from the increase of the basic rate that was sent to the state to increase the value of the WPU.

2010 Version 11.09

This is a draft fiscal note response from the Utah State Office of Education (USOE) and may be revised in the future.

Attachments welcome.

**HB 65**  
**PUBLIC SCHOOL FUNDING**

This bill takes effect on January 1, 2012, with the exception of the following sections:

- 53A-2-206 - Interstate compact students - foreign exchange students;
- 53A-17a-105 - Powers and duties of the state Board of Education;
- 53A-17a-146 - Reduction of district allocation based on insufficient revenues; and
- 53A-17a-150 - K-3 Reading Improvement Program.

This bill eliminates the following tax levies beginning January 1, 2012:

- 11-2-7 - Recreation levy;
- 53A-16-107 - Capital outlay levy;
- 53A-16-110 - Voted capital outlay levy;
- 53A-17a-127 - Special transportation levy;
- 53A-17a-134 - Board leeway levy;
- 53A-17a-143 - Public Law 874 (Federal Impact Aid Program) levy;
- 53A-17a-145 - 10% of Basic levy;
- 53A-17a-151 - K-3 reading levy; and
- 63G-7-704 - Tort liability levy.

This bill enacts the following new levies beginning on or after January 1, 2012:

- 53A-16-113 - Capital local levy (may not exceed 0.0030 per dollar of taxable value); and
- 53A-17a-164 - Board local levy - State guarantee (A school district may not exceed 0.001800 per dollar of taxable value in any fiscal year. A tax rate imposed by a school district may not exceed 0.002500 per dollar of taxable value in any fiscal year if, during the calendar year 2011 the school district's combined tax rate for the following levies was greater than 0.001800 per dollar of taxable value: recreation levy, transportation levy, board-authorized levy, impact aid levy, the portion of a 10% basic levy used for purposes other than capital outlay or debt service, reading levy, and a tort liability levy).

- The state shall also contribute an amount sufficient to guarantee that each 0.000100 of the first 0.0000400 per dollar of taxable value generates an amount equal to 0.010544 times the value of the prior year's weight pupil unit.

**Summary of the bill:**

- 53A-1a-513 - The district per pupil local revenues for the charter school local replacement funding have been redefined to include certain local levies, but also to exclude revenues expended for recreational facilities and activities, pupil transportation, and the K-3 Reading Improvement Program.

- Increases the basic tax rate to 0.003000 per dollar of taxable value.

- For fiscal year 2012-13, the Legislature shall use the full increase in the minimum basic tax rate from the rate set for fiscal year 2011-12 (estimated at 0.001628) to the rate of 0.003000 per dollar of taxable value to increase the value of the weighted pupil unit by that dollar amount.

- Subject to future budget constraints, the Legislature shall provide an appropriation in fiscal years 2012-13 through 2015-16 to be distributed to a school district whose aggregate certified tax rate (UCA 59-2-924.2(9)) decrease results in a revenue decrease that exceeds the additional amount of revenue distributed to the school district for the basic program due to the increase in the value of the weighted pupil unit.

- For fiscal year 2012-13, a school district shall receive an allocation of money equal to the difference of:

- the additional revenues generated by an increase in the minimum basic tax rate to a rate of 0.003000 per dollar of taxable value; and

- additional revenues distributed to the school district for the basic program as a result of the increase in the value of the weighted pupil unit.

- For fiscal years 2013-14, 2014-15, and 2015-16, the mitigation payments will be 75%, 50%, 25%, respectively, of the amount described above.

- For calendar year 2012, a school district shall decrease its aggregate certified tax rate by an amount required to offset the greater of :

- the additional revenues generated within the school district by an increase in the minimum basic tax rate from the certified revenue levy rate to a rate of 0.003000 per dollar of taxable valuer; **OR**

- the additional revenues distributed to the school district for the basic program as a result of the increase in the value of the weighted pupil unit.

Hypothetical Scenario Showing Impact of Freezing the Basic Levy and School Districts' Imposing a Tax Rate at the Certified Tax Rate

FY 2012 - 13

Basic Rate FY11	0.001495
Frozen Basic Rate	0.003000
FY11 WPU Value	\$2,577

Estimated Basic Rate FY12	0.001628
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School District	Revenue at FY11 Basic Rate		Revenue at Frozen Basic Rate		Incremental WPU Distribution and Tax Revenue Reducation			District or Charter Net Tax/Revenue Effect			Individual Impact	
	1 Assessed Valuations 2010-11 Estimate (Sum of Valuations)	2 Projected Revenue from FY11 Basic Rate	3 Projected Revenue from Frozen Basic Rate	4 Additional Revenue Generated by Freezing Basic Rate at 0.003000	5 Total WPU's FY11	6 Additional WPU Distribution from Frozen Basic Rate Increase	7 Reduction in Property Tax Revenue Pursuant to Certified Tax Rate (The greater of Column 4 or Column 6)	8 Net PropertyTax Collections (Column 4 plus Column 7)	9 Reduction in Tax Rate that Yields Net Tax Collections	10 Net Revenue to School District or Charter Schools (Col 6 + Col 7) (Mitigation)*	11 Impact on a \$250,000 Primary Residence	12 Impact on a \$250,000 Nonprimary Residence or Business
1 Alpine	\$16,399,406,789	\$24,517,113	\$49,198,220	\$24,681,107	81,967	\$32,687,754	(\$32,687,754)	(\$8,006,647)	(0.0004882)	\$0	(\$67.13)	(\$122.06)
2 Beaver	\$1,077,309,743	\$1,610,578	\$3,231,929	\$1,621,351	2,443	\$974,167	(\$1,621,351)	\$0	0.0000000	(\$647,184)	\$0.00	\$0.00
3 Box Elder	\$3,349,299,895	\$5,007,203	\$10,047,900	\$5,040,696	14,717	\$5,868,806	(\$5,868,806)	(\$828,110)	(0.0002472)	\$0	(\$34.00)	(\$61.81)
4 Cache	\$3,370,654,599	\$5,039,129	\$10,111,964	\$5,072,835	19,819	\$7,903,477	(\$7,903,477)	(\$2,830,642)	(0.0008398)	\$0	(\$115.47)	(\$209.95)
5 Carbon	\$2,172,263,905	\$3,247,535	\$6,516,792	\$3,269,257	5,088	\$2,028,858	(\$3,269,257)	\$0	0.0000000	(\$1,240,399)	\$0.00	\$0.00
6 Daggett	\$259,697,695	\$388,248	\$779,093	\$390,845	581	\$231,830	(\$390,845)	\$0	0.0000000	(\$159,015)	\$0.00	\$0.00
7 Davis	\$16,634,613,067	\$24,868,747	\$49,903,839	\$25,035,093	83,686	\$33,373,187	(\$33,373,187)	(\$8,338,094)	(0.0005012)	\$0	(\$68.92)	(\$125.31)
8 Duchesne	\$1,665,019,069	\$2,489,204	\$4,995,057	\$2,505,854	6,537	\$2,606,861	(\$2,606,861)	(\$101,007)	(0.0000607)	\$0	(\$8.34)	(\$15.17)
9 Emery	\$1,830,522,710	\$2,736,631	\$5,491,568	\$2,754,937	3,713	\$1,480,830	(\$2,754,937)	\$0	0.0000000	(\$1,274,106)	\$0.00	\$0.00
10 Garfield	\$592,577,772	\$885,904	\$1,777,733	\$891,830	2,119	\$845,077	(\$891,830)	\$0	0.0000000	(\$46,753)	\$0.00	\$0.00
11 Grand	\$1,229,757,760	\$1,838,488	\$3,689,273	\$1,850,785	2,217	\$883,953	(\$1,850,785)	\$0	0.0000000	(\$966,832)	\$0.00	\$0.00
12 Granite	\$21,708,228,048	\$32,453,801	\$65,124,684	\$32,670,883	86,164	\$34,361,365	(\$34,361,365)	(\$1,690,482)	(0.0000779)	\$0	(\$10.71)	(\$19.47)
13 Iron	\$3,357,297,718	\$5,019,160	\$10,071,893	\$5,052,733	11,492	\$4,582,979	(\$5,052,733)	\$0	0.0000000	(\$469,754)	\$0.00	\$0.00
14 Jordan	\$16,003,104,898	\$23,924,642	\$48,009,315	\$24,084,673	62,537	\$24,939,254	(\$24,939,254)	(\$854,582)	(0.0000534)	\$0	(\$7.34)	(\$13.35)
15 Juab	\$716,103,178	\$1,070,574	\$2,148,310	\$1,077,735	3,007	\$1,199,115	(\$1,199,115)	(\$121,380)	(0.0001695)	\$0	(\$23.31)	(\$42.38)
16 Kane	\$1,358,035,716	\$2,030,263	\$4,074,107	\$2,043,844	2,443	\$974,382	(\$2,043,844)	\$0	0.0000000	(\$1,069,461)	\$0.00	\$0.00
17 Millard	\$1,854,056,916	\$2,771,815	\$5,562,171	\$2,790,356	4,313	\$1,719,790	(\$2,790,356)	\$0	0.0000000	(\$1,070,566)	\$0.00	\$0.00
18 Morgan	\$896,372,988	\$1,340,078	\$2,689,119	\$1,349,041	3,095	\$1,234,358	(\$1,349,041)	\$0	0.0000000	(\$114,683)	\$0.00	\$0.00
19 Nebo	\$5,730,940,331	\$8,567,756	\$17,192,821	\$8,625,065	37,591	\$14,991,062	(\$14,991,062)	(\$6,365,997)	(0.0011108)	\$0	(\$152.74)	(\$277.70)
20 No. Sanpete	\$639,288,117	\$955,736	\$1,917,864	\$962,129	3,350	\$1,336,083	(\$1,336,083)	(\$373,955)	(0.0005850)	\$0	(\$80.43)	(\$146.24)
21 No. Summit	\$977,269,938	\$1,461,019	\$2,931,810	\$1,470,791	1,713	\$683,130	(\$1,470,791)	\$0	0.0000000	(\$787,661)	\$0.00	\$0.00
22 Park City	\$11,258,046,485	\$16,830,779	\$33,774,139	\$16,943,360	5,854	\$2,334,417	(\$16,943,360)	\$0	0.0000000	(\$14,608,943)	\$0.00	\$0.00
23 Piute	\$94,303,075	\$140,983	\$282,909	\$141,926	817	\$325,741	(\$325,741)	(\$183,815)	(0.0019492)	\$0	(\$268.01)	(\$487.30)
24 Rich	\$802,218,246	\$1,199,316	\$2,406,655	\$1,207,338	1,094	\$436,182	(\$1,207,338)	\$0	0.0000000	(\$771,157)	\$0.00	\$0.00
25 San Juan	\$845,026,075	\$1,263,314	\$2,535,078	\$1,271,764	4,872	\$1,942,857	(\$1,942,857)	(\$671,093)	(0.0007942)	\$0	(\$109.20)	(\$198.54)
26 Sevier	\$1,294,189,810	\$1,934,814	\$3,882,569	\$1,947,756	6,669	\$2,659,385	(\$2,659,385)	(\$711,629)	(0.0005499)	\$0	(\$75.61)	(\$137.47)
27 So. Sanpete	\$535,880,017	\$801,141	\$1,607,640	\$806,499	4,494	\$1,792,008	(\$1,792,008)	(\$985,508)	(0.0018390)	\$0	(\$252.87)	(\$459.76)
28 So. Summit	\$1,420,044,131	\$2,122,966	\$4,260,132	\$2,137,166	2,059	\$820,915	(\$2,137,166)	\$0	0.0000000	(\$1,316,251)	\$0.00	\$0.00
29 Tintic	\$29,933,149	\$44,750	\$89,799	\$45,049	739	\$294,704	(\$294,704)	(\$249,655)	(0.0083404)	\$0	(\$1,146.81)	(\$2,085.10)
30 Tooele	\$3,504,330,089	\$5,238,973	\$10,512,990	\$5,274,017	17,698	\$7,057,796	(\$7,057,796)	(\$1,783,779)	(0.0005090)	\$0	(\$69.99)	(\$127.26)
31 Uintah	\$4,584,652,105	\$6,854,055	\$13,753,956	\$6,899,901	8,812	\$3,514,184	(\$6,899,901)	\$0	0.0000000	(\$3,385,718)	\$0.00	\$0.00
32 Wasatch	\$4,223,708,972	\$6,314,445	\$12,671,127	\$6,356,682	6,632	\$2,644,800	(\$6,356,682)	\$0	0.0000000	(\$3,711,882)	\$0.00	\$0.00
33 Washington	\$10,402,703,354	\$15,552,042	\$31,208,110	\$15,656,069	33,188	\$13,235,028	(\$15,656,069)	\$0	0.0000000	(\$2,421,041)	\$0.00	\$0.00
34 Wayne	\$268,017,429	\$400,686	\$804,052	\$403,366	1,203	\$479,686	(\$479,686)	(\$76,320)	(0.0002848)	\$0	(\$39.15)	(\$71.19)
35 Weber	\$7,968,167,046	\$11,912,410	\$23,904,501	\$11,992,091	40,263	\$16,056,371	(\$16,056,371)	(\$4,064,280)	(0.0005101)	\$0	(\$70.13)	(\$127.52)
36 Salt Lake	\$18,313,126,111	\$27,378,124	\$54,939,378	\$27,561,255	31,036	\$12,376,801	(\$27,561,255)	\$0	0.0000000	(\$15,184,454)	\$0.00	\$0.00
37 Ogden	\$3,788,743,647	\$5,664,172	\$11,366,231	\$5,702,059	16,051	\$6,400,930	(\$6,400,930)	(\$698,870)	(0.0001845)	\$0	(\$25.36)	(\$46.11)
38 Provo	\$4,695,538,052	\$7,019,829	\$14,086,614	\$7,066,785	17,247	\$6,877,883	(\$7,066,785)	\$0	0.0000000	(\$188,902)	\$0.00	\$0.00
39 Logan	\$2,072,868,995	\$3,098,939	\$6,218,607	\$3,119,668	7,694	\$3,068,175	(\$3,119,668)	\$0	0.0000000	(\$51,493)	\$0.00	\$0.00
40 Murray	\$2,968,896,339	\$4,438,500	\$8,906,689	\$4,468,189	8,242	\$3,286,644	(\$4,468,189)	\$0	0.0000000	(\$1,181,545)	\$0.00	\$0.00
42 Canyons	\$16,057,796,603	\$24,006,406	\$48,173,390	\$24,166,984	43,021	\$17,156,458	(\$24,166,984)	\$0	0.0000000	(\$7,010,526)	\$0.00	\$0.00
School District Total	\$196,950,010,582	\$294,440,266	\$590,850,032	\$296,409,766	696,274	\$277,667,287	(\$335,345,612)					
Charters					46,998	\$18,742,479				\$18,742,479		
TOTAL	\$196,950,010,582	\$294,440,266	\$590,850,032	\$296,409,766	743,273	\$296,409,766	(\$335,345,612)	(\$38,935,846)		(\$38,935,846)		

\*For fiscal years 2013-14, 2014-15, and 2015-16, the mitigation payments will be 75%, 50%, 25%, respectively, of the amount described above.

1000 General Fund  
1050 General Fund, One-Time  
1100 General Fund Restricted  
**1200 Uniform School Fund**  
**1250 Uniform School Fund, One-time**  
**1300 Uniform School Fund Restricted**  
**1400 Education Fund**  
**1450 Education Fund, One-Time**  
1500 Transportation Fund  
1550 Transportation Fund, One-time  
1575 Transportation Fund Restricted  
1600 Federal Funds  
1700 Federal Mineral Lease  
1800 Dedicated Credits  
1900 Fixed Collections  
2000 Restricted Funds  
2100 Trust Funds  
2200 Liquor Control Fund  
2300 Commerce Service Fund  
2350 Commerce Service, One-time  
2400 Oil Overcharge  
2500 Local Revenue  
2600 Property Tax  
2700 Bonding  
2800 Transfers  
2900 Nonlapsing Funds  
3000 Other  
9999